

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|----------------------------------|---|------------|
| APPLICATION OF BLUE GRASS ENERGY |) | |
| COOPERATIVE CORPORATION FOR A |) | |
| CERTIFICATE OF CONVENIENCE AND |) | CASE NO. |
| NECESSITY FOR ITS 2004-2005 |) | 2004-00251 |
| CONSTRUCTION WORK PLAN |) | |

O R D E R

Blue Grass Energy Cooperative Corporation ("Blue Grass Energy") filed its application on July 7, 2004 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant at an estimated cost of \$25,053,725. In support of its application Blue Grass Energy filed its 2004-2005 Work Plan, which describes in detail the improvements and additions to its plant that are required over the next 2 years to serve its load.

Blue Grass Energy seeks authorization to construct extensions and additions to its plant as follows:

| | | |
|-------|------------------------|----------------|
| 1. | New Services | \$ 9,600,000 |
| 2. | System Improvements | 6,795,800 |
| 3. | Transformers | 2,564,450 |
| 4. | Meters | 2,766,000 |
| 5. | Service Upgrades | 300,000 |
| 6. | Sectionalizing Devices | 350,000 |
| 7. | Regulators | 382,555 |
| 8. | Pole Replacements | 924,000 |
| 9. | Capacitors | 11,590 |
| 10. | Step Transformers | 70,930 |
| 11. | Security Lights | 495,000 |
| 12. | AMR Equipment | <u>793,400</u> |
| TOTAL | | \$25,053,725 |

The proposed construction will enable Blue Grass Energy to continue to provide adequate and dependable electric service to its customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

Based on the application, the supporting 2004-2005 Work Plan, and being otherwise sufficiently advised, the Commission finds that the proposed improvements and additions to be constructed by Blue Grass Energy are necessary to provide adequate, reliable electric service to existing customers and anticipated new customers.

IT IS THEREFORE ORDERED that Blue Grass Energy is granted a Certificate of Public Convenience and Necessity to construct the facilities described in its 2004-2005 Work Plan.

Done at Frankfort, Kentucky, this 15th day of November, 2004.

By the Commission

ATTEST:


Executive Director